

STATE TREASURER

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$93,400	\$0	\$0	\$0	\$0	-\$93,400	- 100.0%
PR	3,563,200	4,143,100	3,826,300	3,826,300	3,826,300	263,100	7.4
SEG	<u>643,800</u>	<u>837,200</u>	<u>893,600</u>	<u>893,600</u>	<u>893,600</u>	<u>249,800</u>	38.8
TOTAL	\$4,300,400	\$4,980,300	\$4,719,900	\$4,719,900	\$4,719,900	\$419,500	9.8%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	15.50	10.42	8.46	8.46	8.46	- 7.04
SEG	<u>3.00</u>	<u>2.08</u>	<u>2.54</u>	<u>2.54</u>	<u>2.54</u>	<u>- 0.46</u>
TOTAL	18.50	12.50	11.00	11.00	11.00	- 7.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$12,300	\$12,300
PR	\$224,800	-\$17,000	\$207,800
SEG	<u>28,000</u>	<u>0</u>	<u>28,000</u>
Total	\$252,800	-\$17,000	\$235,800

Governor: Provide standard adjustments to the base of \$112,000 PR and \$14,000 SEG in 2003-04 and \$112,800 PR and \$14,000 SEG in 2004-05. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (\$89,500 PR and \$14,000 SEG annually); (b) reclasses and semi-automatic pay progressions (\$14,400 PR annually); and (c) fifth week of vacation as cash (\$8,100 PR in 2003-04 and \$8,900 PR in 2004-05).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-\$8,100 PR in 2003-04 and -\$8,900 PR in 2004-05). Require the State Treasurer's Office to lapse to the general

fund a total of \$8,100 in 2003-04 and a total of \$4,200 in 2004-05 from those PR accounts from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of \$8,100 in 2003-04 and \$4,200 in 2004-05.

[Act 33 Section: 9160(3f)]

2. UNCLAIMED PROPERTY BASE [LFB Paper 695]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$726,000	- \$108,000	\$618,000

Governor: Provide funding increases of \$363,000 annually for the following areas of the unclaimed property program: (a) \$73,000 for the increased costs of printing an annual newspaper notice in each county of the state regarding new unclaimed property which has been transferred to the custody of the state; (b) \$30,000 for the increased cost of printing brochures which are distributed to the business community to inform businesses of their responsibilities if they are holders of unclaimed property subject to the state's unclaimed property program; and (c) \$260,000 for the increased costs of auditing contracts with three private auditing firms which monitor companies headquartered outside of Wisconsin for compliance with the state's unclaimed property program.

Joint Finance/Legislature: Reduce funding for the unclaimed property program by \$54,000 PR annually for the following: (a) \$5,000 PR from the amount requested for increased holder reporting costs; (b) \$14,500 PR requested for participation in the national missing money website; and (c) \$34,500 PR from the amount requested for increased fee charges for audits of non-Wisconsin holders of unclaimed property of Wisconsin residents.

3. UNCLAIMED PROPERTY PROGRAM ADMINISTRATIVE APPROPRIATION [LFB Paper 696]

Joint Finance/Legislature: Repeal the current appropriation for the unclaimed property program. Create two new appropriations for the program as follows: (a) a continuing appropriation under which all of the new revenues for the program would be received and from which payment of claims to persons entitled to unclaimed property that has been reported to the State Treasurer may be made; and (b) a sum certain, annual appropriation for the administrative expenses of the program. Establish the level of fund in these two new appropriations at the following levels: (a) zero in the appropriation for claims payments; and (b) \$1,345,000 PR in 2003-04 and \$1,403,200 PR in 2004-05 in the administrative appropriation. Provide that revenues sufficient to fund the amounts in the sum certain administrative

appropriation shall be transferred to that appropriation from the revenues available in the continuing appropriation account.

[Act 33 Sections: 647t and 648m]

4. TRANSFER CASH MANAGEMENT FUNCTIONS TO DOA [LFB Paper 697]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
PR	-\$400,900	- 5.08	\$4,700	0.00	-\$ 396,200	- 5.08
SEG	<u>6,800</u>	<u>0.08</u>	<u>0</u>	<u>0.00</u>	<u>6,800</u>	<u>0.08</u>
Total	-\$394,100	- 5.00	\$4,700	0.00	-\$389,400	- 5.00

Governor: Delete a total of 5.0 PR-funded FTEs currently working in various cash management activities in the State Treasurer's Office, effective July 1, 2004. A total of \$394,100 PR would also be deleted from the Treasurer's Office for fiscal year 2004-05. Of the total positions to be deleted, 4.25 FTEs currently budgeted for the general cash management activities of the Office would be deleted, along with 0.25 FTE budgeted in the local government investment pool program and 0.50 FTE that handles the cash management allocation function in the Office. [Note: A total of 3.0 PR funded FTEs would be authorized beginning in 2004-05 for DOA to handle these functions with additional funding of \$184,500 PR in 2004-05. This fiscal effect is shown under the summary for the Department of Administration.] In addition to the above deletion of funding and positions, a total of 0.08 FTE associated with a portion of the salaries of the State Treasurer and the Deputy State Treasurer would be shifted from PR funding (cash management allocation) to SEG funding (EdVest college savings program); this would result in an additional deletion in 2004-05 in the cash management allocation appropriation of \$6,800 PR and an increase in the EdVest college savings program administrative budget of \$6,800 SEG.

Under the Governor's recommendation, the statutory cash management duties and responsibilities of the Treasurer's Office would be transferred to the Department of Administration's Division of Executive Budget and Finance. The State Constitution states that the duties of the State Treasurer are those as specified by law. Section 14.58 of the statutes currently assigns the State Treasurer the following cash management responsibilities: (a) to receive and have charge of all monies paid into the state treasury and any other monies received by state agencies and to pay out these monies as directed by law; (b) to sign or place a facsimile signature on checks or drafts to draw money from the state treasury; (c) to issue receipts for all money paid to the Treasurer; (d) to pay all claims authorized to be paid out of treasury; (e) to pay all warrants (payment vouchers) presented by DOA; (f) to place temporarily unneeded balances in any state fund with the Investment Board for temporary investment in the state investment fund and apportion investment fund earnings on such surplus balances to the proper fund; (g) to pay into the treasury all monies, including interest earnings, received by the Treasurer; (h) to keep records of all monies received and disbursed from each state fund and the weekly balances in each state fund and verify such balances with corresponding balances in

records kept by DOA; (i) to provide monthly reports to the Governor on the total amount of funds in the treasury, the amounts in each separate state fund and the amounts in each of the state depositories; (j) to include in the Treasurer's Biennial Report to the Governor and the Legislature information, for each of the preceding two fiscal years, on the cash balance in each state fund at the beginning of the fiscal year, fund receipts and disbursements during each fiscal year, and the cash balance at the end of each fiscal year; (k) to remit a statement of payment of any state aid or other item to a local municipality by the Treasurer to the clerk of such municipality; (l) to ensure that on each check or draft the maximum time period during which the check or draft may be presented for payment is specified, to cancel each such check or draft that has not been presented for payment during that time period and to notify DOA of such cancellation; (m) to provide services to any entity which has securities on deposit, in trust, with the Treasurer, such as providing interest coupons and providing any bonds, notes or other deposits as they become due; (n) hold safekeeping receipts from federal reserve banks for federal securities purchased by the state; (o) to coordinate, when necessary, with the State Investment Board the sale of investments of a fund's cash balances in an amount sufficient to cover all checks or drafts on a fund during a given business day; and (p) to allocate, at least quarterly, all interest earned on monies in the state depositories to the appropriate state fund.

All of the above current statutory cash management duties and responsibilities of Treasurer would, under the Governor's recommendation, be transferred to become responsibilities and duties of the Secretary of the Department of Administration, except for the responsibility for Treasurer to affix his or her signature to all checks or drafts to draw money from the state treasury. In addition to this statutory enumeration of duties, all of the references elsewhere throughout the statutes associated with cash management activities (such as the Treasurer making payments, receiving revenues or deposits, crediting monies to individual state funds and establishing accounts) would be amended to substitute "Secretary of Administration" for "State Treasurer."

Also, repeal two PR appropriations under the Treasurer's Office, one relating to cash management services and the other relating to credit card use charges. Include authorization under DOA's existing PR appropriation for financial services to allow the chargeback to state agencies of DOA's cost of providing banking service cost analysis and cash management assistance to state agencies. Create authority for the Secretary of Administration to establish separate custody accounts under each state fund for the receipt and expenditure of monies received for the following purposes: (a) credit card interchange and association fees; and (b) transfers from the income account of the state investment fund to pay bank service costs .

The bill would provide that all of these transfers would take effect on July 1, 2004. Further, provide that on that date, with respect to the Treasurer's Office performance of its cash management functions (excluding its local government investment pool and unclaimed property programs): (a) all assets and liabilities of the Office of the State Treasurer would become assets and liabilities of DOA; (b) all tangible property (including records) would be transferred to DOA; (c) all contracts in effect on July 1, 2004, would be transferred to DOA, and remain in effect until modified or rescinded by DOA in accordance with provisions of the contracts; and (d) any matter pending before the Office of State Treasurer would be transferred

to DOA and all materials submitted to or actions taken by that Office would be considered to have been submitted to or taken by DOA. The bill also specifies that all incumbent employees holding positions in the Office of State Treasurer who perform cash management functions are to be transferred to DOA, as determined by the Secretary of Administration. However, since only three positions will be available in DOA, the State Budget Office indicates that the actual intent is that the DOA Secretary will determine that no more than three incumbent employees would be actually transferred.

Joint Finance/Legislature: Include provision but add a number of additional cross-reference changes and reduce transferred 2004-05 funding by \$4,700 PR due to reduction in standard budget adjustments amounts for the fifth week vacation as cash.

[Act 33 Sections: 44 thru 47, 54 thru 69, 165, 166, 168, 170, 184 thru 186, 250m, 251m, 269, 277, 437, 471, 472, 573, 648, 649, 692 thru 704, 706, 707, 720, 738, 740, 805 thru 828, 830, 843 thru 846, 848, 870, 873, 906 thru 914, 924, 925, 940, 946, 1003, 1033, 1091, 1180, 1188, 1189, 1287, 1289, 1413, 1436, 1447, 1466, 1467, 1468, 1472b, 1482, 1483, 1485, 1517 thru 1522, 1524, 1530, 1531, 1532, 1535, 1536, 1539, 1541, 1581, 1582, 1583, 1584 thru 1589, 1599b, 1602, 1603, 1607, 1621, 1628, 1629 thru 1632, 1634 thru 1644, 1649, 1686, 1687, 1707, 1708, 1725 thru 1727, 1740, 1812, 1813, 1815, 1841 thru 1854, 1954 thru 1956, 1960, 1998, 2044, 2045, 2056, 2057, 2058, 2092, 2099, 2101 thru 2105, 2114 thru 2119, 2204 thru 2310, 2321 thru 2323, 2341, 2349 thru 2353, 2358, 2361, 2449 thru 2453, 2471, 2482, 2483, 2486, 2575, 2579, 2580 thru 2592, 2605 thru 2608, 2616, 2629, 2632, 2635 thru 2640, 2643 thru 2650, 2665 thru 2671, 2683 thru 2685, 2691, 2693 thru 2707, 2711, 2713 thru 2715, 2728, 2730, 2731, 2744, 2745, 2759 thru 2767, 2800, 2802 thru 2804, 9154(1), and 9454(1)]

5. REMAINING FUNDING IN CASH MANAGEMENT APPROPRIATION [LFB Paper 698]

	Funding	Positions
PR	- \$196,500	- 1.96
SEG	<u>56,400</u>	<u>0.46</u>
Total	- \$140,100	- 1.50

Joint Finance/Legislature: Delete the remaining funding and associated position authority left in the PR cash management general operations appropriation in 2004-05 by making the following adjustments: (a) reassign central overhead charges to this appropriation for portions of the Treasurer's, Deputy Treasurer's and Executive Assistant's positions from the cash management general operations appropriation to other appropriations provided to the Office by: (1) deleting \$112,900 PR and 0.92 FTE from the cash management general operations appropriation in 2004-05; (2) increasing funding in the unclaimed property administrative appropriation by \$56,500 PR and 0.46 FTE; and (3) increasing funding in the college savings program administrative appropriation by \$56,400 SEG and 0.46 FTE; and (b) delete an additional \$140,100 PR and 1.50 FTE from the cash management appropriation in 2004-05. The deleted positions would come from a total of 2.50 management support staff positions that are currently budgeted to various programs of the Office. The agency would determine which of those actual positions or portions of positions would be deleted.

The combination of these two actions would reduce funding in the cash management general operations appropriation to zero in 2004-05.

6. FUNDING FOR PROGRAMMING UPGRADES

PR	\$30,000
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Governor/Legislature: Provide one-time financing of \$30,000 in 2003-04 for programming the Treasurer's Office operating systems for cash management functions to be compliant with the operating systems of the state's new working bank [US Bank] prior to the transfer of these functions to DOA.

7. GPR FUNDING FOR EDVEST PROGRAMS [LFB Paper 700]

GPR	- \$93,400
SEG	<u>93,400</u>
Total	\$0

Governor: Delete adjusted base level funding of \$46,700 GPR annually provided for start-up funding for the college tuition and expenses program, also known as EdVest I. Provide increases of \$46,700 annually in administrative expenses funded from SEG revenues, but add these increases to the administrative expenses appropriation for the EdVest II program – the college savings program. The same staff in the Treasurer's Office manages both programs. The two existing GPR appropriations for start-up costs of both EdVest programs would also be repealed.

Joint Finance/Legislature: Include funding provision. In addition, shift 1.10 SEG existing positions from the college tuition and expense program to the college savings program.

[Act 33 Sections: 72, 650, and 651]

8. COLLEGE SAVINGS PROGRAM ADMINISTRATIVE FUNDING INCREASE

SEG	\$145,000
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Governor/Legislature: Provide increased base funding of \$72,500 annually for program administration of the college savings program. Funding would consist of: (a) \$65,000 for an outside annual audit of Strong Capital Management, Inc., the outside service provided for the program; and (b) \$7,500 for increased program marketing activities.

9. COLLEGE SAVINGS PROGRAM BUDGET REDUCTION

	Funding Positions	
SEG	- \$79,800	- 1.00

Governor/Legislature: Delete \$39,900 annually and 1.0 position from the administrative expenses appropriation for the college savings program (EdVest II).

10. COLLEGE SAVINGS PROGRAM APPROPRIATION [LFB Paper 701]

Governor: Modify the current language of the appropriation that funds the administrative expenses for the college savings program to include authorization for expenditures from this appropriation for the purpose of promoting the program.

Joint Finance/Legislature: Include provision and, in addition, change the status of the appropriation from its current continuing appropriation status to a sum certain, annual appropriation.

[Act 33 Section: 652b]

11. REPORTING REQUIREMENTS FOR UNCLAIMED INSURANCE COMPANY DEMUTUALIZATION PROCEEDS

Joint Finance: Amend the unclaimed property statute (Chapter 177 of the statutes) to create special reporting requirements for unclaimed property resulting from the demutualization, rehabilitation or related reorganization of insurance companies. Newly provide that:

a. For property distributable in the course of a demutualization, rehabilitation or related reorganization of an insurance company, abandoned property of presumed owners located in this state is to be reported as unclaimed property to the State Treasurer two years after the date that the property was first distributable;

b. Such property is to be deemed abandoned if: (1) at the time of the first distribution the last known address of the owner is known to be incorrect; or (2) the distribution or statement is returned by the post office as undeliverable; and if the owner has not communicated with the holder of property regarding the person's interest in the property;

c. Property otherwise distributable as a result of the demutualization, rehabilitation or related reorganization of a mutual insurance company but that would not be required to be reported under this special provision would be reportable under the current law unclaimed reporting statutes; and

d. In addition, include a session law provision stipulating that unclaimed property that would be reportable under this special insurance company demutualization proceeds provision would be required to be reported under this new provision to the State Treasurer no later than May 1, 2004, for all property determined to be unclaimed under this special provision as of December 31, 2003.

Senate/Legislature: Include provisions but with the modifications that these new special reporting requirements would apply only to: (a) intangible property distributions occurring as a result of insurance company demutualizations; and (b) such intangible property distributions that were distributable before January 1, 2003.

[Act 33 Sections: 2120n, 2120p, 2120s, and 9154(2q)]